



# NEWS RELEASE

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CALIFORNIA STATE TREASURER PHIL ANGELIDES

FOR IMMEDIATE RELEASE  
April 13, 2004

CONTACT: Mitchel Benson  
(916) 653-4052

## **CONSUMER GROUPS, JOINED BY TREASURER ANGELIDES, OPPOSE GOVERNOR'S PROPOSED ELIMINATION OF STATE POWER AUTHORITY**

*Angelides Points Out that Entity Formed to Protect Consumers – Whose Operations Do Not Cost Taxpayers 'One Cent' – is Only Agency Governor Has Targeted for Elimination*

SACRAMENTO, CA – Representatives of two prominent consumer groups joined State Treasurer Phil Angelides today to announce their opposition to Governor Arnold Schwarzenegger's proposal to eliminate the State Power Authority – formed during the energy crisis to help the State protect consumers and ratepayers from energy company price gouging. They said the proposal would not save taxpayers any money and comes at a time when the State's energy future is still uncertain.

The Treasurer and the consumer advocates spoke hours before two legislative committees – the Senate Committee on Energy, Utilities & Communications and the Assembly Budget Subcommittee #4 on State Administration – were scheduled to hear testimony on the Governor's proposal at separate afternoon hearings.

"With threats to the State's long-term energy supply and new warnings of power shortages on the horizon, California's energy future remains precariously uncertain and our energy problems are far from over," Angelides said during a morning telephone news conference with reporters. "Given these circumstances – and given the fact that the Governor has yet to lay out a comprehensive energy plan for our State – his proposal to eliminate the Power Authority could not come at a worse time."

Angelides and the consumer advocates – Lenny Goldberg, representing The Utility Reform Network (TURN), and Harvey Rosenfield, founder of the Foundation for Taxpayer and Consumer Rights – also pointed out that the elimination of the Power Authority would not save the taxpayers one cent. That is because the Power Authority – in its less than three years of existence – has become a self-supporting entity, not relying at all on the state General Fund.

"It is deeply troubling that the only agency the Governor is proposing for elimination today is one that protects ratepayers and consumers and imposes no costs on taxpayers," Angelides said. "My fear is that the Governor's proposal is just the first step back down the Pete Wilson road to deregulation. We have been there before, and we should never go there again."

The Power Authority – officially known as the California Consumer Power and Conservation Financing Authority – was formed in the wake of California’s now notorious energy crisis of 1999-2001, after an ill-devised deregulatory scheme signed into law by then-Governor Pete Wilson collapsed and California fell victim to private energy companies that gouged ratepayers and taxpayers for billions of dollars in suspect profits. It was one of the most remarkable market manipulations in this nation’s history. Indeed, just last week, federal prosecutors indicted a Reliant Resources Inc. power-trading unit and four employees on charges of illegally increasing electricity costs – the first such criminal case related to California’s energy crisis.

“Ratepayers will be gouged again if we leave the system to the greed of the generators and the mistakes of the utilities,” said Goldberg, on behalf of TURN. “The Power Authority represents a critical means for filling the gaps in the system in order to make electricity affordable and reliable.”

Added Rosenfield of the Foundation for Taxpayer and Consumer Rights, “People must not forget what happened to ratepayers and taxpayers in California under energy deregulation. We must protect consumers from rapacious energy companies by retaining the independent Power Authority.”

Angelides sent letters to the two legislative committees holding hearings today, declaring his opposition to the Governor’s proposal. “Certainly,” the Treasurer wrote in his letters, “no proposal to eliminate the Power Authority should be considered until the Governor sets out an alternative vision for state energy policy and governance that protects California ratepayers, businesses and consumers, and meets the State’s future energy needs.”

As Treasurer, Angelides sponsored legislation in January 2001 (SB 6X, authored by state Sen. John Burton, D-San Francisco), to create the Power Authority, so that California would have some measure of control over its energy destiny, and so that Californians would not be left to the mercy of market manipulators and profiteers.

Since it opened its doors in August 2001, the Power Authority has made important strides with its programs to spur energy conservation and use of alternative energy sources, even with limited resources:

- Today, the Power Authority is currently generating sufficient revenues to cover all of its operating costs. Perhaps most importantly, ***the Power Authority today has no General Fund impact***, and has paid off – with interest – the loan from the General Fund that was provided to launch the agency. Indeed, the Power Authority is not requesting any additional loan funds for its operations in FY 2004-05. Self-generated revenues will cover its basic operations budget of \$1.2 million for the upcoming fiscal year.

- The majority of the Power Authority's revenues are associated with its successful implementation of its Demand Reserves Partnership program. Under the program, commercial and industrial power customers get paid to cut back on power consumption and set aside power needs, or load, during times of peak demand throughout the State. The Power Authority, in turn, sells that reduced load capacity to the state Department of Water Resources for use as reserves or capacity elsewhere. Last summer alone, the program provided 250 megawatts of load reduction through the participation of businesses who applaud and strongly support the Power Authority's efforts. There is ongoing marketing of the program and it is expected to reach at least 300 megawatts this year. Programs like this should be encouraged because they meet our power needs in an environmentally smart way, without the need for new power plants.
- The Power Authority has issued bonds to provide additional funding for the California Energy Commission's energy efficiency loan programs, which provide loans to schools and other types of local agencies for energy efficiency and conservation improvements. The Authority could issue more bonds in the future as the Commission's needs warrant.
- The Power Authority has designed and is implementing the Solar on State Facilities program to meet a legislative mandate to place solar energy generation on all state buildings. The program is an innovative public and private partnership with solar businesses, and has the potential to double the capacity of solar photovoltaic installations in California within the next two to five years.

"There are so many more potential energy hurdles ahead," Angelides said, "and there is so much more that the Power Authority can accomplish to help our State secure a more independent, reliable and stable energy future – but only if it is given the chance to thrive and succeed in doing so."

**Note: Copies of the letters that Treasurer Angelides delivered today to lawmakers, in which he declares his opposition to the elimination of the Power Authority, are available on the Treasurer's website: [www.treasurer.ca.gov](http://www.treasurer.ca.gov).**

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# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

MEDIA ADVISORY  
April 13, 2004

CONTACT: Mitchel Benson  
(916) 653-4052

## **A FOLLOW-UP TO TODAY'S TELECONFERENCE** **ON THE CALIFORNIA POWER AUTHORITY**

Following up on our teleconference and press release earlier today regarding Treasurer Phil Angelides' opposition to the elimination of the California Power Authority, we wanted to remind folks reporting on the matter of the Legislative Analyst's Office's key conclusions concerning the Power Authority, as discussed in the LAO's February 2004 Analysis of the 2004-05 Budget Bill:

"[T]here continue to be significant uncertainties regarding the adequacy of the state's energy supply to meet future energy demand. Given this, we find the elimination of some of CPA's functions to be premature."

It is "unclear whether current energy procurement plans of the utilities adequately address long-term demand."

"We find the elimination of some of the California Consumer Power and Conservation Financing Authority's (CPA's) functions premature given the uncertainty that still exists regarding the adequacy of the state's long-term energy supply."

The following is the link to the entire LAO analysis on the Power Authority:  
[http://www.lao.ca.gov/analysis\\_2004/resources/res\\_15\\_8665\\_anl04.htm#\\_Toc63952169](http://www.lao.ca.gov/analysis_2004/resources/res_15_8665_anl04.htm#_Toc63952169).



PHILIP ANGELIDES  
Treasurer  
State of California

April 13, 2004

The Honorable John Dutra, Chair  
Assembly Budget Subcommittee #4 on State Administration  
California State Assembly  
State Capitol, Room 3091  
Sacramento, CA 95814

Hand Delivered

**RE: Governor's Proposal to eliminate the California Consumer Power and Conservation Financing Authority**

Dear Assemblymember Dutra:

I am writing this letter to express my opposition to the Governor's proposal to eliminate the California Consumer Power and Conservation Financing Authority (Power Authority).

With threats to the State's long-term energy supply and warnings of power shortages on the horizon, California's energy future remains precariously uncertain and our energy problems are far from over. Given these circumstances – and given the fact that the Governor has yet to lay out a comprehensive energy plan for our State – his proposal to eliminate the Power Authority could not come at a worse time.

In addition, it is vital to point out that the elimination of the Power Authority would not save the taxpayers one cent. In its less than three years of existence, the Power Authority has become a self-supporting entity, not relying at all on the State's General Fund. It is deeply troubling that the only agency the Governor is proposing for elimination today is one that protects ratepayers and consumers and imposes no costs on taxpayers.

It is important to remember that the Power Authority was formed in the wake of this State's energy crisis – after the ill-devised deregulatory scheme had collapsed and California had fallen victim to private energy companies that gouged ratepayers and taxpayers in one of the most remarkable market manipulations in this nation's history. Indeed, just last week, federal prosecutors indicted a Reliant Resources Inc. power-

trading unit and four employees on charges of illegally increasing electricity costs – the first such criminal case related to California’s energy crisis.

Certainly, no proposal to eliminate the Power Authority should be considered until the Governor sets out an alternative vision for state energy policy and governance that protects California ratepayers, businesses and consumers, and meets the State’s future energy needs.

As Treasurer, I sponsored legislation in January 2001 (SB 6X, Burton) to create the Power Authority, so that California would have some measure of control over its energy destiny, and so that Californians would not be left to the mercy of market manipulators and profiteers.

Since it opened its doors in August 2001, the Power Authority has made important strides, even with limited resources:

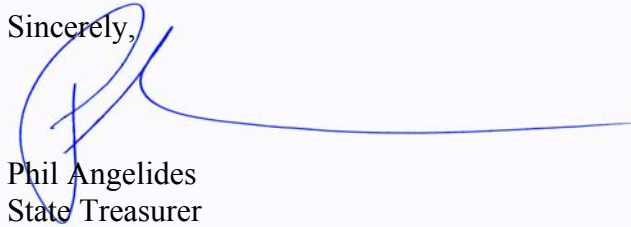
- Today, the Power Authority is currently generating sufficient revenues to cover all of its operating costs. Perhaps most importantly, ***the Power Authority today has no General Fund impact***, and has paid off – with interest – the loan from the General Fund that was provided to launch the agency. Indeed, the Power Authority is not requesting any additional loan funds for its operations in FY 2004-05. Self-generated revenues will cover its basic operations budget of \$1.2 million for the upcoming fiscal year.
- The majority of the Power Authority’s revenues are associated with its successful implementation of its Demand Reserves Partnership program. Under the program, commercial and industrial power customers get paid to cut back on power consumption and set aside power needs, or load, during times of peak demand throughout the State. The Power Authority, in turn, sells that reduced load capacity to the state Department of Water Resources for use as reserves or capacity elsewhere. Last summer alone, the program provided 250 megawatts of load reduction through the participation of businesses who applaud and strongly support the Power Authority’s efforts. There is ongoing marketing of the program and it is expected to reach at least 300 megawatts this year. Programs like this should be encouraged because they meet our power needs in an environmentally smart way, without the need for new power plants.
- The Power Authority has issued bonds to provide additional funding for the California Energy Commission’s energy efficiency loan programs, which provide loans to schools and other types of local agencies for energy efficiency and conservation improvements. The Authority could issue more bonds in the future as the Commission’s needs warrant.

- The Power Authority has designed and is implementing the Solar on State Facilities program to meet a legislative mandate to place solar energy generation on all state buildings. The program is an innovative public and private partnership with solar businesses, and has the potential to double the capacity of solar photovoltaic installations in California within the next two to five years.

There are so many more potential energy hurdles ahead, and there is so much more that the Power Authority can accomplish to help our State secure a more independent, reliable and stable energy future – but only if it is given the chance to thrive and succeed in doing so.

For a more secure energy future, I oppose the Governor's proposal to eliminate the Power Authority. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Phil Angelides', with a long horizontal flourish extending to the right.

Phil Angelides  
State Treasurer

cc: Honorable members, Assembly Budget Subcommittee #4 on State Administration



PHILIP ANGELIDES  
Treasurer  
State of California

April 13, 2004

The Honorable Doug LaMalfa  
Assemblymember  
California State Senate  
State Capitol, Room 4177  
Sacramento, CA 95814

Hand Delivered

**RE: Opposition to AB 2967 (LaMalfa) regarding California Consumer Power and Conservation Financing Authority**

Dear Assemblymember LaMalfa:

I am writing this letter to express my opposition to your bill, AB 2967, which would enact the Governor's proposal to eliminate the California Consumer Power and Conservation Financing Authority (Power Authority).

With threats to the State's long-term energy supply and warnings of power shortages on the horizon, California's energy future remains precariously uncertain and our energy problems are far from over. Given these circumstances – and given the fact that the Governor has yet to lay out a comprehensive energy plan for our State – his proposal to eliminate the Power Authority could not come at a worse time.

In addition, it is vital to point out that the elimination of the Power Authority would not save the taxpayers one cent. In its less than three years of existence, the Power Authority has become a self-supporting entity, not relying at all on the State's General Fund. It is deeply troubling that the only agency the Governor is proposing for elimination today is one that protects ratepayers and consumers and imposes no costs on taxpayers.

It is important to remember that the Power Authority was formed in the wake of this State's energy crisis – after the ill-devised deregulatory scheme had collapsed and California had fallen victim to private energy companies that gouged ratepayers and taxpayers in one of the most remarkable market manipulations in this nation's history. Indeed, just last week, federal prosecutors indicted a Reliant Resources Inc. power-



trading unit and four employees on charges of illegally increasing electricity costs – the first such criminal case related to California’s energy crisis.

Certainly, no proposal to eliminate the Power Authority should be considered until the Governor sets out an alternative vision for state energy policy and governance that protects California ratepayers, businesses and consumers, and meets the State’s future energy needs.

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- The Power Authority has designed and is implementing the Solar on State Facilities program to meet a legislative mandate to place solar energy generation on all state buildings. The program is an innovative public and private partnership with solar businesses, and has the potential to double the capacity of solar photovoltaic installations in California within the next two to five years.

There are so many more potential energy hurdles ahead, and there is so much more that the Power Authority can accomplish to help our State secure a more independent, reliable and stable energy future – but only if it is given the chance to thrive and succeed in doing so.

For a more secure energy future, I oppose AB 2967. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Phil Angelides', with a long horizontal flourish extending to the right.

Phil Angelides  
State Treasurer



PHILIP ANGELIDES  
Treasurer  
State of California

April 13, 2004

The Honorable Denise Moreno Ducheny  
Senator  
California State Senate  
State Capitol, Room 2062  
Sacramento, CA 95814

Hand Delivered

**RE: Opposition to SB 1716 (Ducheny) regarding California Consumer Power and Conservation Financing Authority**

Dear Senator Ducheny:

I am writing this letter to express my opposition to your bill, SB 1716, which would enact the Governor's proposal to eliminate the California Consumer Power and Conservation Financing Authority (Power Authority).

With threats to the State's long-term energy supply and warnings of power shortages on the horizon, California's energy future remains precariously uncertain and our energy problems are far from over. Given these circumstances – and given the fact that the Governor has yet to lay out a comprehensive energy plan for our State – his proposal to eliminate the Power Authority could not come at a worse time.

In addition, it is vital to point out that the elimination of the Power Authority would not save the taxpayers one cent. In its less than three years of existence, the Power Authority has become a self-supporting entity, not relying at all on the State's General Fund. It is deeply troubling that the only agency the Governor is proposing for elimination today is one that protects ratepayers and consumers and imposes no costs on taxpayers.

It is important to remember that the Power Authority was formed in the wake of this State's energy crisis – after the ill-devised deregulatory scheme had collapsed and California had fallen victim to private energy companies that gouged ratepayers and taxpayers in one of the most remarkable market manipulations in this nation's history. Indeed, just last week, federal prosecutors indicted a Reliant Resources Inc. power-

trading unit and four employees on charges of illegally increasing electricity costs – the first such criminal case related to California’s energy crisis.

Certainly, no proposal to eliminate the Power Authority should be considered until the Governor sets out an alternative vision for state energy policy and governance that protects California ratepayers, businesses and consumers, and meets the State’s future energy needs.

As Treasurer, I sponsored legislation in January 2001 (SB 6X, Burton) to create the Power Authority, so that California would have some measure of control over its energy destiny, and so that Californians would not be left to the mercy of market manipulators and profiteers.

Since it opened its doors in August 2001, the Power Authority has made important strides, even with limited resources:

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- The Power Authority has issued bonds to provide additional funding for the California Energy Commission’s energy efficiency loan programs, which provide loans to schools and other types of local agencies for energy efficiency and conservation improvements. The Authority could issue more bonds in the future as the Commission’s needs warrant.

- The Power Authority has designed and is implementing the Solar on State Facilities program to meet a legislative mandate to place solar energy generation on all state buildings. The program is an innovative public and private partnership with solar businesses, and has the potential to double the capacity of solar photovoltaic installations in California within the next two to five years.

There are so many more potential energy hurdles ahead, and there is so much more that the Power Authority can accomplish to help our State secure a more independent, reliable and stable energy future – but only if it is given the chance to thrive and succeed in doing so.

For a more secure energy future, I oppose SB 1716. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Phil Angelides', is written over a light blue rectangular background. The signature is stylized with a large initial 'P' and a long horizontal stroke extending to the right.

Phil Angelides  
State Treasurer

cc: The Honorable Debra Bowen, Chair, Senate Committee on Energy, Utilities & Communications  
Honorable Members, Senate Committee on Energy, Utilities & Communications



PHILIP ANGELIDES  
Treasurer  
State of California

April 14, 2004

The Honorable Hannah-Beth Jackson  
Chair  
Assembly Committee on Natural Resources  
California State Assembly  
State Capitol, Room 4140  
Sacramento, CA 95814

Hand Delivered

**RE: Strong opposition to AB 2967 (LaMalfa) regarding the California Consumer Power and Conservation Financing Authority**

Dear Assemblymember Jackson:

I am writing this letter to express my opposition to AB 2967, which would enact the Governor's proposal to eliminate the California Consumer Power and Conservation Financing Authority (Power Authority) and transfer the functions and authority elsewhere. Just yesterday, a similar version of this proposal failed to earn enough support to move through the Senate Committee on Energy, Utilities and Communications.

With threats to the State's long-term energy supply and warnings of power shortages on the horizon, California's energy future remains precariously uncertain and our energy problems are far from over. Given these circumstances – and given the fact that the Governor has yet to lay out a comprehensive energy plan for our State – his proposal to eliminate the Power Authority could not come at a worse time.

In addition, it is vital to point out that the elimination of the Power Authority would not save the taxpayers one cent. In its less than three years of existence, the Power Authority has become a self-supporting entity. It is deeply troubling that the only agency the Governor is proposing for elimination today is one that protects ratepayers and consumers and imposes no costs on taxpayers.

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trading unit and four employees on charges of illegally increasing electricity costs – the first such criminal case related to California’s energy crisis.

Certainly, no proposal to eliminate or transfer the responsibilities of the Power Authority should be considered until the Governor sets out an alternative vision for state energy policy and governance that protects California ratepayers, businesses and consumers, and meets the State’s future energy needs.

As Treasurer, I sponsored legislation in January 2001 (SB 6X, Burton) to create the Power Authority, so that California would have some measure of control over its energy destiny, and so that Californians would not be left to the mercy of market manipulators and profiteers.

Since it opened its doors in August 2001, the Power Authority has become self-supportive and has made important strides, even with limited resources:

- Today, the Power Authority is currently generating sufficient revenues to cover all of its operating costs. Indeed, the Power Authority is not requesting any additional loan funds for its operations in FY 2004-05. Self-generated revenues will cover its basic operations budget of \$1.2 million for the upcoming fiscal year.
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- The Power Authority has designed and is implementing the Solar on State Facilities program to meet a legislative mandate to place solar energy generation on all state buildings. The program is an innovative public and private partnership with solar businesses, and has the potential to double the capacity of solar photovoltaic installations in California within the next two to five years.

- The Power Authority provides financing through the municipal bond market. Currently, the municipal bond market benefits from strong ratings, historically low-interest rates and maximum flexibility. Nearly 10 percent of the existing volume of municipal bonds is used for financing power generation. Over the last four years, more than \$60 billion of municipal bonds have been issued for power financing. The Power Authority provides access to this market for power generation and other critical energy projects at a time when the private financial markets remain volatile and uncertain.
- And finally, the Legislative Analyst's Office recommended as the first option in its February 2004 Analysis of the 2004-05 Budget Bill to retain the Power Authority as a self-supporting entity, as has been achieved for the upcoming fiscal year.

There are so many more potential energy hurdles ahead, and there is so much more that the Power Authority can accomplish to help our State secure a more independent, reliable and stable energy future – but only if it is given the chance to thrive and succeed in doing so.

For a more secure energy future, I oppose the Governor's proposal to eliminate the Power Authority. Thank you for your consideration.

Sincerely,



Phil Angelides  
State Treasurer

cc: Honorable Members, Assembly Committee on Natural Resources